

# *Alexandria Redevelopment & Housing Authority*

*History of HUD Funding  
&  
ARHA Financial Analysis*

# Break-Even Analysis of Tenant Income, HUD Subsidy & Operating Expenses

- **Table 1** – Summarizes the annual income and expenses of ARHA’s various public housing AMPs.
  - Analysis is based on a per unit calculation.
  - Indicates the average tenant rent and operating subsidy.
  - Compares the average rent & subsidy to average operating cost for each AMP.
  - Annual variance highlights the shortfall or surplus in funding.
  - With the exception of AMP 11, all the other AMPs do not receive enough tenant income and operating subsidy to cover expenses.

*Table 1: Annual Analysis of Tenant Income, HUD Subsidy, & Operating Expenses*

[illegible]

# Break-Even Analysis of Tenant Income, HUD Subsidy & Operating Expenses

- **Table 2** – Summarizes the monthly break-even tenant rent or contract rent needed if subsidy was not provided.
  - Current average rent indicates the average monthly rent the tenants contribute to each AMP.
  - Increase in average rent indicates the additional monthly rent a tenant would need in order to afford the break-even or contract rent for each AMP.
  - Annualized Rent = Average Expense/Unit shown in Table 1.

**Table 2: Monthly Break-even Analysis with "NO" HUD Subsidy**

[illegible]

# Relocation

Addressing and facilitating resident needs and concerns throughout the relocation process is extremely important. Only one development site will be developed at any given time because of funding availability. Each relocation plan will be unique but will have a basis in the VHDA Relocation Guidelines. HUD Mixed-finance redevelopment is not subject to the Uniform Relocation Act. ARHA managed the relocation efforts of Chatham Square, BWR, West Glebe, Old Dominion and James Bland. ARHA provided investor required guarantees for the occupancy of all James Bland units.

- The proposed concept for Cameron Valley offers the opportunity to build replacement housing for other efforts.
- Staged/phased construction at three of the development sites means that all units are not demolished simultaneously.
- All of the development partners have offered temporary or permanent relocation solutions that they have control of.
- ARHA put HUD on notice 5 years ago of the need for TPVs for redevelopment efforts. Past efforts indicate a 40% return rate.

# PH PROGRAM RESIDENT PROFILE

It should be noted that only 40% of new admissions must be at or below 30% of the median income for the Low Rent Public Housing program.

## 2016 Income Limits Summary

FY 2016 Income Limit Area	Median Income Top of Form  Bottom of Form	FY 2016 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Alexandria city	\$108,600	Very Low (50%) Income Limits (\$) Top of Form  Bottom of Form	38,050	43,450	48,900	54,300	58,650	63,000	67,350	71,700
		Extremely Low Income Limits (\$) * Top of Form  Bottom of Form	22,850	26,100	29,350	32,600	35,250	37,850	40,450	43,050
		Low (80%) Income Limits (\$) Top of Form  Bottom of Form	49,150	56,150	63,150	70,150	75,800	81,400	87,000	92,600

# Current PH Participant's Household Annual Income Can Exceed 30% AMI

- Ramsey Homes Range of Household Incomes: \$838 - \$63,142
- Ramsey Average Household Income: \$21,014
- Andrew Adkins Range of Household Incomes: \$0 - \$87,856
- Andrew Adkins Average Household Income: \$19,233

Building housing choices, at 30% - 60%, as in Ramsey with PH and HCV represents the greatest opportunity to allow displaced households to return to their rebuilt community. In past projects, ARHA has also assisted with homeownership for over-income households.

## Ramsey Homes w/ 52 Units

## 30% AMI Proforma

## Proposed – All 30% Units

Bedrooms	% of AMI	# of Units	Monthly Gross Rent	Utilities	Monthly Net Rent	Total Net Rent	Annual Net Rent
1 Bedroom	30%	10	\$611	\$188	\$423	\$4,230	\$50,760
2 Bedrooms (PH)	30%	6	\$605	\$0	\$605	\$3,630	\$43,560
2 Bedrooms	30%	30	\$733	\$243	\$490	\$14,700	\$176,400
3 Bedrooms	30%	6	\$847	\$292	\$555	\$3,330	\$39,960
Total	30%	<b>52</b>	\$2,796		\$2,073	\$25,890	\$310,680

### Financial Analysis

### 52 Units at 30% Income

Income	\$310,680
Vacancy Allowance	7%
Effective Gross Income	\$288,932
Expenses	\$400,325
Cash Flow Before Debt Service	<b>(\$111,393)</b>
VHDA Loan	\$3,860
ARHA Land Loan	\$134,818
City of Alexandria Loan	\$39,973
Annual Debt Service	\$178,651
Cash Flow Available for Distribution	<b>(\$290,044)</b>

- The current proforma shows a flat income approach for 30% AMI residents only
- AMI rents are based on a regional rent calculation from Novogradac for 30% Tax Credit Tenants; actual PH average rents are shown (average tenant rent (\$210) + average tenant subsidy from HUD (\$395) = \$605)
- Resulting cash flow is negative – the property is not sustainable and does not generate enough income to cover expenses or pay debt service, including the City Loan

## Ramsey Homes w/ 52 Units

## Tiered Income Proforma

## Current Concept

Bedrooms	% of AMI	# of Units	Monthly Gross Rent	Utilities	Monthly Net Rent	Total Net Rent	Annual Net Rent
1 Bedroom	40%	9	\$815	\$188	\$627	\$5,643	\$67,716
1 Bedroom	50%	1	\$1,018	\$188	\$830	\$830	\$9,960
2 Bedrooms	30%	6	\$605	\$0	\$605	\$3,630	\$43,560
2 Bedrooms	50%	10	\$1,222	\$243	\$979	\$9,790	\$117,480
2 Bedrooms	60%	20	\$1,467	\$243	\$1,224	\$24,480	\$293,760
3 Bedrooms	60%	6	\$1,694	\$292	\$1,402	\$8,412	\$100,944
Total	51%	<b>52</b>	\$6,821	\$192	\$5,667	\$52,785	\$633,420

### Financial Analysis

### 52 Units with Tiered Income

Income	\$633,420
Vacancy Allowance	7%
Effective Gross Income	\$589,081
Expenses	\$400,325
Cash Flow Before Debt Service	\$188,756
VHDA Loan	\$3,860
ARHA Land Loan	\$134,818
City of Alexandria Loan	\$39,973
Annual Debt Service	\$178,651
Cash Flow Available for Distribution	\$10,105

- The current proforma shows a tiered income approach, from 30% to 60% AMI, resulting in de minimus cash flow (approx \$10,000 annually)
- AMI rents are based on the 2016 VHDA maximum rent schedule
- Current proforma projects a sustainable project – Projected income from varying income tiers allows the property to cover expenses and meet its debt obligations
- This concept provides the option for all existing Ramsey residents to return to the site – either as a PH resident or as a voucher holder



# Case Studies of ARHA Portfolio (Overview)

The purpose of the following case studies are to highlight and discuss the unique differences between a few of ARHA's properties and how those differences have a direct impact on the development, management, and sustainability of each property.

- **Case Study 1 – Traditional Public Housing**
  - Housing stock old and obsolete.
  - High maintenance costs and significant capital improvements needed.
  - Subsidy not available for non traditional public housing expenses like HOA dues and condo fees.
  - Income risk due to federal budget cuts and/or loss in rent because of tenant income potential.
  - Financial resources not being put to highest and best use.
- **Case Study 2 – Public Housing and LIHTC**
  - In 2005, ARHA redeveloped Samuel Madden Homes using a HOPE VI grant, land sale proceeds, and LIHTC to replace the public housing in mixed-income communities.
  - Developed using a Public Private Partnership and financed with LIHTC and HOPE VI Grant.
  - Double subsidy = triple reporting requirements.
- **Case Study 3 – LIHTC with Project Based Subsidy**
  - In 2014, ARHA was using Seller's Notes, and LIHTCs to develop and PBV to operate.
  - Developed using a Public Private Partnership, Sellers Notes and LIHTC.
  - With introduction of RAD PBV as a form of (operating) subsidy has become more challenging.
  - Residual receipts become a hedge against unpredictable funding cuts and to support future development endeavors.

# Case Study 1- Traditional Public Housing AMP 4- Scattered Sites



Project Name	HUD Project Number	Total Units
Public Housing- Group 4		
Scattered Sites I	VA 4-10	56
Scattered Sites II	VA 4-11	41
Scattered Sites III	VA 4-12	24
Park Place	VA 4-16	38
Total Units		<u>159</u>

## SUMMARY OF PUBLIC HOUSING- AMP 4 FOR THE PERIOD ENDING SEPTEMBER 30, 2016

	Totals	Scattered Sites I	Scattered Sites II	Scattered Sites III	Park Place
<b><u>Operating Revenues</u></b>					
Dwelling Rent	374,309	136,641	64,789	88,752	84,127
Operating Subsidy	396,839	123,020	75,399	103,178	95,241
Other Income	14,673	4,889	3,629	3,789	2,366
Total Operating Revenue	785,820	264,550	143,817	195,719	181,734
<b><u>Operating Expenditures</u></b>					
Administration	326,509	72,998	44,150	45,029	164,332
Tenant Services	139	26	16	21	76
Utilities	133,029	63,394	3,965	5,994	59,676
Ordinary maintenance & o	374,447	144,138	81,127	91,444	57,737
General Expense	114,767	40,602	29,885	23,728	20,552
Total Operating Expendit	948,891	321,157	159,144	166,217	302,372
<b>NET INCOME (LOSS)</b>					
<b>FROM OPERATIONS</b>	<b>(163,070)</b>	<b>(56,607)</b>	<b>(15,327)</b>	<b>29,502</b>	<b>(120,639)</b>

### Case Study 1 – Traditional Public Housing

- Housing stock old and obsolete.
- High maintenance costs and significant capital improvements needed.
- Subsidy not available for non traditional public housing expenses like HOA dues and condo fees.
- Income risk due to federal budget cuts and/or loss in rent because of tenant income potential.
- Financial resources not being put to highest and best use.

# Case Study 2 – Public Housing & LIHTC AMP 6- Chatham Square



Year of Construction: 2005

Number of Units: 52

## SUMMARY OF PUBLIC HOUSING- AMP 6 FOR THE PERIOD ENDING SEPTEMBER 30, 2016

	<u>Chatham Square</u>
<u>Operating Revenues</u>	
Dwelling Rent	142,958
Operating Subsidy	93,667
Other Income	4,351
Total Operating Revenue	<u>240,975</u>
<u>Operating Expenditures</u>	
Administration	160,227
Tenant Services	27
Utilities	5,994
Ordinary maintenance & operations	109,507
General Expense	40,836
Total Operating Expenditures	<u>316,590</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b><u>(75,615)</u></b>

### Case Study 2 – Public Housing and LIHTC

- In 2005, ARHA redeveloped Samuel Madden Homes using a H6 grant, land sale proceeds, and LIHTC to replace the PH in mixed-income communities.
- Developed using a Public Private Partnership and financed with LIHTC and HOPE VI Grant.
- Double subsidy = triple reporting requirements.

# Case Study 3 – LIHTC with Project-Based Vouchers James Bland Phase V



Year of Construction: 2014  
Number of Units: 54

## SUMMARY OF JAMES BLAND PHASE V FOR THE PERIOD ENDING SEPTEMBER 30, 2016

	<u>OTC (JB V)</u>
<b><u>Operating Revenues</u></b>	
Dwelling Rent	615,745
Other Income	27,726
Total Operating Revenue	<u>643,471</u>
<b><u>Operating Expenditures</u></b>	
Administration	158,940
Tenant Services	523
Utilities	16,705
Ordinary maintenance & operations	59,864
Protective Services	2,462
General Expense	58,087
Total Operating Expenditures	<u>296,581</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b><u>346,890</u></b>

### Case Study 3 – LIHTC with Project Based Subsidy

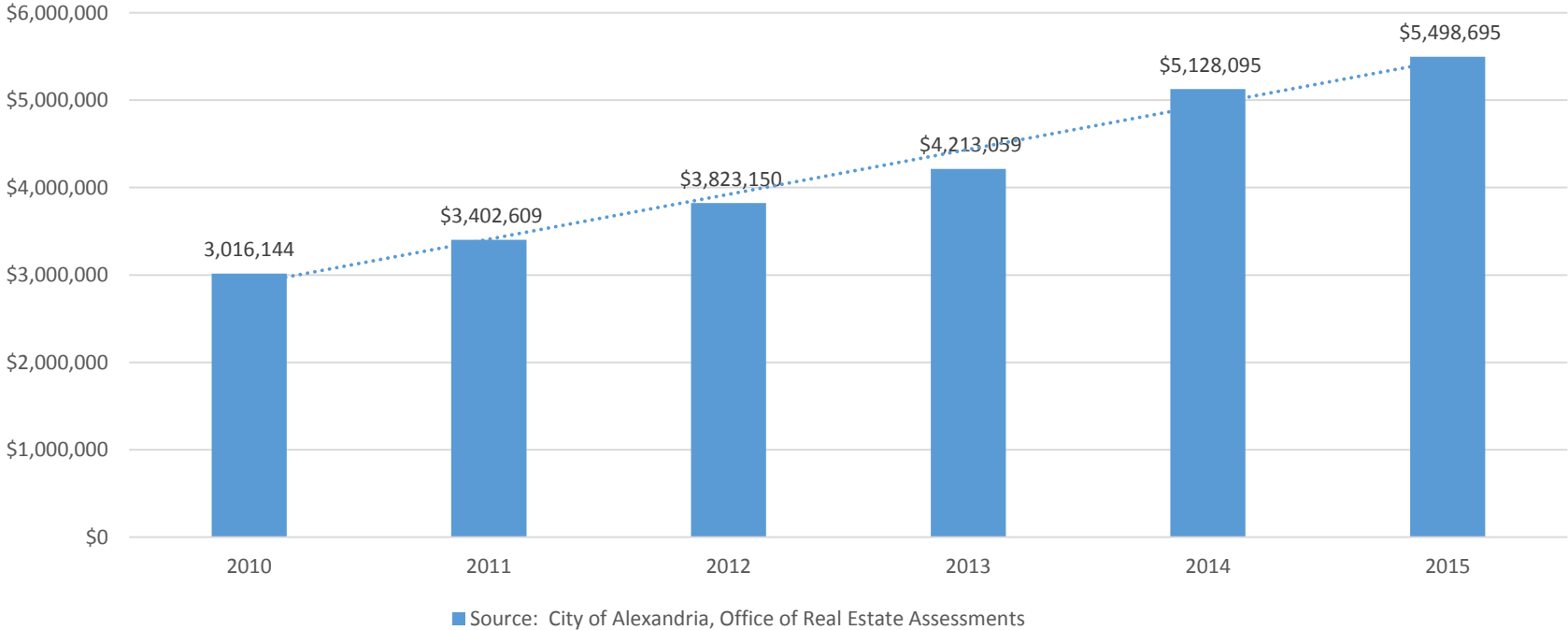
- In 2014, ARHA was using Seller's Notes, and LIHTCs to develop and PBV to operate.
- Developed using a Public Private Partnership and LIHTC.
- With introduction of RAD, PBV as an operating subsidy has become more challenging.
- Residual receipts become a hedge against unpredictable funding cuts and supports future development endeavors.

# ARHA Redevelopment

*Effects of the Mixed-Income Model*

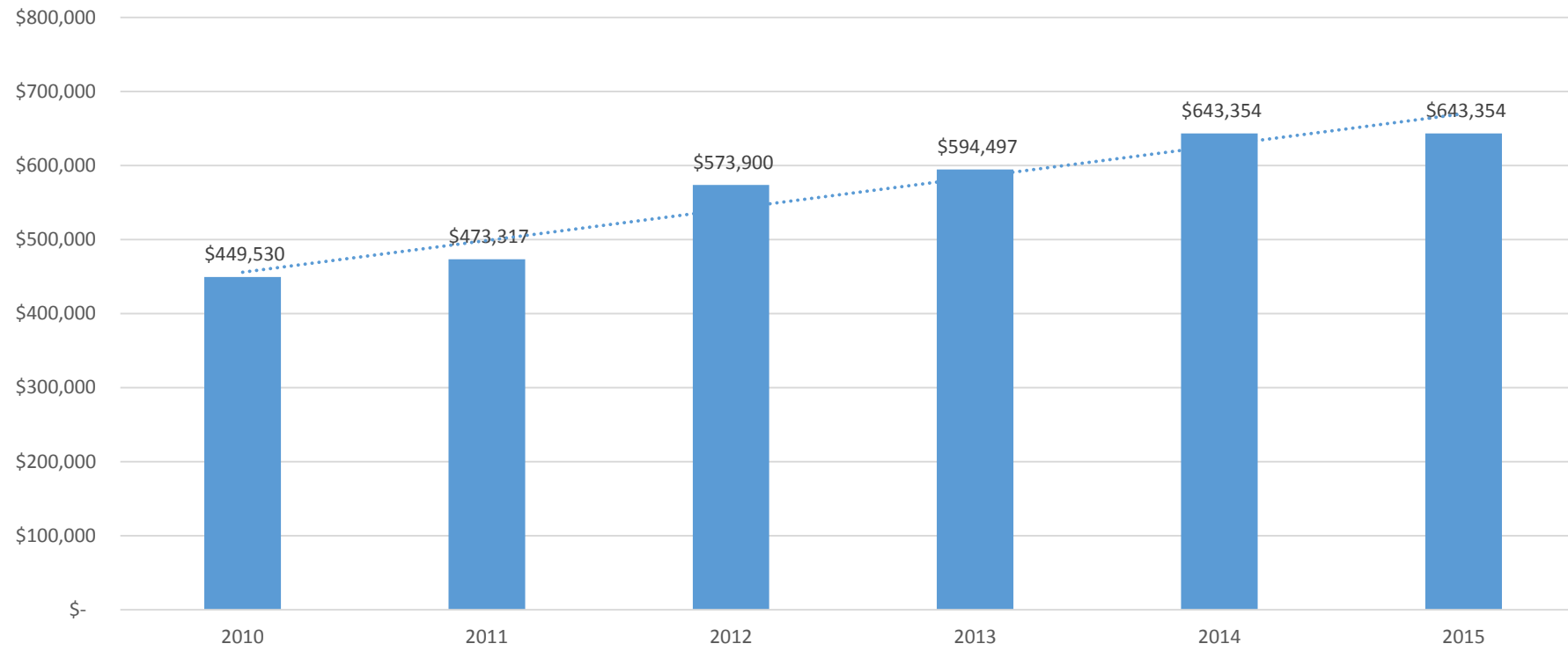
Total City of Alexandria Property Tax Assessments for all  
ARHA Developed Properties (*Residential Only*)  
2010- 2015

**\$25 MM**

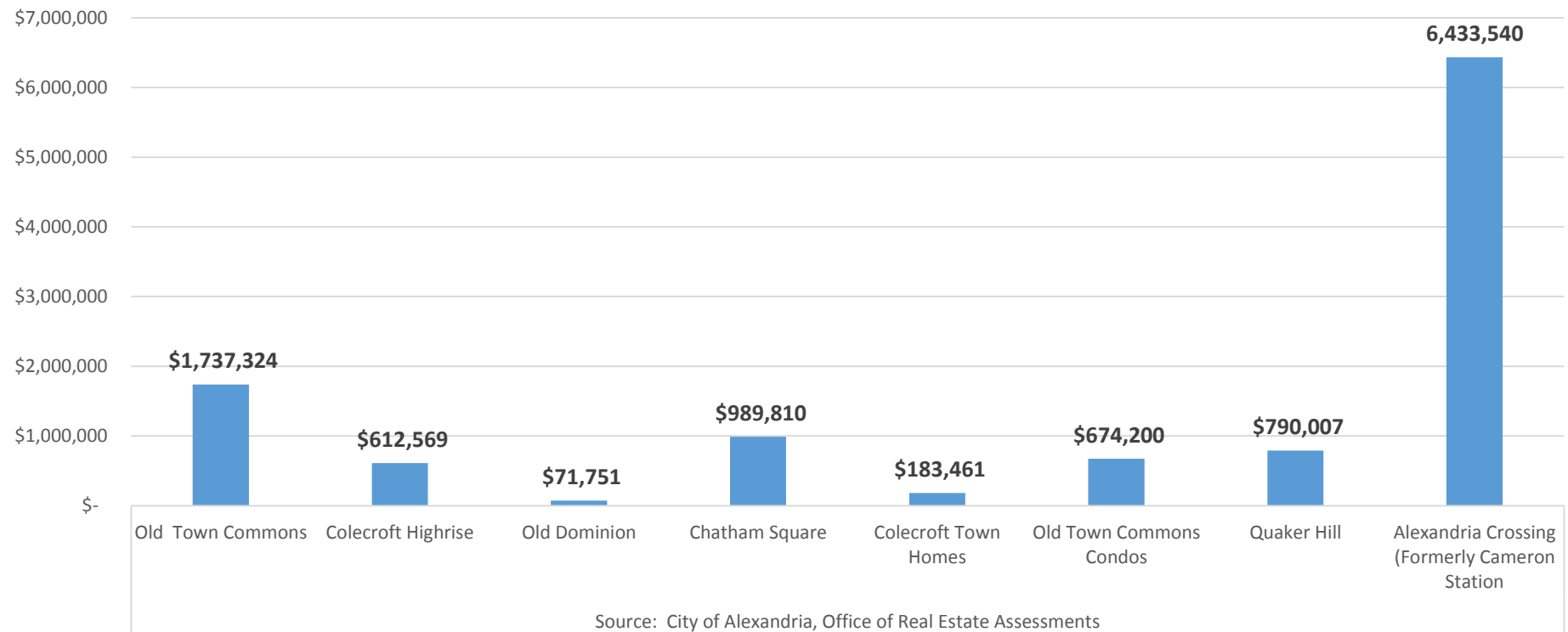


City of Alexandria Property Tax Assessments for  
Alexandria Commons  
(Formerly ARHA-Owned Cameron Valley 264-Unit Public Housing Redeveloped as Mixed-Use)  
2010-2015

**\$3.38 MM**



## Annual 2015 City of Alexandria Tax Benefits Gained from ARHA Redeveloped Sites \$11.5 MM





# ARHA's Redevelopment Efforts

- **ARHA has received industry, state and federal acclaim for its redevelopment efforts.**
- **ARHA is one of the few PHAs nation-wide that self develops.**
- **ARHA has earned the designation of Experienced Tax Credit Developer and Certified Property Manager from VHDA.**